

New Caledonian economy spurred by nickel

After two years of slow growth and a slow start to the year, in particular due to geopolitical uncertainty and the effects of the SARS epidemic, the global economy experienced vigorous growth in 2003, driven by dynamic activity in the United States and China. The majority of the world's economies followed this movement, although with some delay in the Euro zone, which was penalised by the appreciation of its currency in comparison to the dollar and sluggish domestic demand.

Renewed growth in the global economy.

Economic activity in New Caledonia was strong in 2003, widely benefitting from a positive global climate, particularly in the nickel market.

Accordingly, mining and metallurgic production showed strong growth for the year, stimulated by exponential overseas demand. Values were further increased by nickel prices that, in 2003, reached exceptional levels not seen since 1989, resulting in record New Caledonian exports of almost 80 billion F.CFP.

The New Caledonian economy benefited from the positive global economic environment, particularly in the nickel market.

Economic growth was also helped by strong domestic demand, illustrated by record levels of imports to New Caledonia, strong rises in the levels of borrowing, particularly for housing and capital assets, increased new vehicle registrations, and overseas travel undertaken by New Caledonians. Furthermore, consumption was not affected by rising prices, with inflation limited to 1.0% in 2003.

Growth further sustained by increased domestic demand.

There was no improvement in the export-import ratio, with the spectacular levels of exports offset by strong growth in imports, in particular due to the arrival of two new Airbus aircraft for the local airline. For the third consecutive year, the ratio of exports over imports was less than 50%.

Balance of trade a victim of high import levels.

After the sharp downturn following the announcement of the suspension of works at the Goro Nickel site at the end of the previous year, 2003 saw sustained activity in the building and public works sector, largely driven by housing construction in the Nouméa municipality and, to a lesser extent, by rebuilding and repairs subsequent to the passage of cyclone Erica in the month of March, resulting in stable employment levels in this sector.

Dynamic building sector driven by housing construction.

The agricultural sector was affected by the passage of cyclone Erica, with serious damage to squash, potato, and fruit crops. In other areas good levels of beef and pork production were recorded.

Satisfactory results in the agricultural sector despite the damage caused by cyclone Erica.

In 2003, fisheries and aquaculture suffered from a dispersal of deep-water species which lead to a reduced tuna catch, while poor climatic conditions affected prawn production. The temporary downturn does not, however, affect medium-term development prospects for prawn farming, which, although a long way behind nickel, is New Caledonia's second largest export product.

Prawn production affected by climatic conditions.

Inbound tourist numbers stagnant, slightly over the symbolic mark of 100 000 tourists.

Tourist numbers were down on 2002, with only slightly more than 100,000. Consequently there were fewer clients in Nouméa's hotels, and this despite strong growth in the number of domestic guests.

However, a longer average length of stay led to improved occupancy in hotels, resulting in the highest rates recorded in the last ten years.

Good performances were recorded in the cruise ship sector, with nearly 65,000 visitors in 2003.

Although there were fewer inbound tourists overall, there was growth in international air passenger traffic, due to more New Caledonians travelling overseas.

Having suffered from increased competition from the maritime sector in recent years, domestic air traffic recorded a slight increase in 2003.

Higher public spending offset by faster growth in revenue.

Growth in transfers from the State to New Caledonia, particularly in favour of local authorities, along with increases in New Caledonia's and the provinces' own resources, compensated for higher public spending. All local bodies achieved balanced budgets.

Improved labour market in New Caledonia.

New Caledonia's labour market benefitted directly from the positive economic climate, with a significant decrease in end-of-month job seeker numbers and, albeit moderate, growth in the number of vacancies offered. The favourable developments in the labour market were also reflected in wage-and-salary earner numbers in the private sector, with sustained growth amounting to almost 1,000 new jobs.

More new businesses established.

Net business creation showed there were 1,368 new businesses in 2003, with three-quarters of these in the building and services sectors.

Labour relations in New Caledonian businesses were more peaceful after a somewhat turbulent 2002, although a conflictual atmosphere remains prevalent in the mining sector.